(2)

Supreme Court, U.S.
FILED
DEC 22 1994
OFFICE OF THE CLERK

No. 94-930

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

BALDUCCI PUBLICATIONS, RICHARD BALDUCCI, and KATHLEEN BALDUCCI,

Petitioners,

vs.

ANHEUSER-BUSCH, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

RICHARD Z. LEHV
Counsel of Record
WEISS DAWID FROSS ZELNICK & LEHRMAN, P.C.
633 Third Avenue
New York, New York 10017
(212) 953-9090

NORMAN S. LONDON
LAW OFFICES OF NORMAN S. LONDON
1600 Boatmen's Tower
100 North Broadway
St. Louis, Missouri 63102
(314) 231-8700

Attorneys for Respondent Anheuser-Busch, Inc.

28 pp

Questions Presented for Review

1. Whether the Court should grant the writ, where the opinion below does not conflict with the decisions of any other Court of Appeals on the same matter, does not decide an important question of federal law which has not been settled by this Court, does not decide a federal question in a way that conflicts with the applicable decisions of this Court, and where the Court of Appeals did not enter a final judgment, but remanded to the district court for consideration of the appropriate injunctive relief.

2. Whether an item in the form of an advertisement that prominently uses respondent's federally-registered trademarks is "absolutely protected" by the First Amendment from claims under the Trademark Act, where the advertisement appears on the back cover of petitioners' magazine, a location frequently used in that magazine and others for genuine advertisements, where no effort was made by petitioners in the table of contents or elsewhere to identify it as editorial content or parody, and where the only disclaimer was printed in minuscule type and was not even noticed by 96 percent of readers.

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	v
STATEMENT OF THE CASE	2
REASONS FOR DENYING THE WRIT	8
I. THERE HAS BEEN NO FINAL JUDGMENT IN THE LOWER COURTS	8
II. THE EIGHTH CIRCUIT OPINION DOES NOT CONFLICT WITH DECISIONS OF OTHER CIRCUITS	9
III. THE EIGHTH CIRCUIT OPINION DOES NOT REGULATE THE CONTENT OF A PUBLISHER'S EDITORIAL MESSAGE	14
IV. THE EIGHTH CIRCUIT PROPERLY REVIEWED THE EVIDENCE OF LIKELIHOOD OF CONFUSION DE NOVO	16
V. PETITIONERS' ADVERTISEMENT IS NOT EXEMPT UNDER THE LANHAM ACT	19
CONCLUSION	22

TABLE OF AUTHORITIES

CASES **Pages**

Amadeo v. Zant, 486 U.S. 214 (1988) 16

American Construction Co. v. Jacksonville, T & K.W.R. Co., 148 U.S. 372, 37 L. Ed. 486 (1893) 8

Anheuser-Busch, Inc. v. Florists Association of Greater Cleveland, 603 F. Supp. 35 (N.D. Ohio 1984) 11

Anheuser-Busch, Inc. v. L & L Wings, Inc., 962 F.2d 316 (4th Cir. 1992), *cert. denied*, 113 S. Ct. 206 (1993)..... 10

Bose Corp. v. Consumers Union of United States, Inc., 466 U.S. 485 (1984)..... 17

Brotherhood of Locomotive Firemen & Enginemen v. Bangor & Aroostook R. Co., 389 U.S. 327, 19 L. Ed. 2d 560 (1967)..... 8

Calvin Klein Cosmetics Corp. v. Lenox Labs, 815 F.2d 500 (8th Cir. 1987) 17

Campbell v. Acuff-Rose Music, Inc., 114 S. Ct. 1164 (1994).....16n. 7

City of Ladue v. Gilleo, 114 S. Ct. 2038 (1994) 14

Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc., 886 F.2d 490 (2d Cir. 1989)..... 5, 9, 16

Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972).....16, 21

CASES **Pages**

Dallas Cowboys Cheerleaders Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979).....15, 16

Davis v. United States, 417 U.S. 333 (1974)..... 13

Edgar Rice Burroughs, Inc. v. Mann's Theatres, 195 U.S.P.Q. 159 (C.D. Cal. 1976)..... 16

Herbert v. Lando, 441 U.S. 153 (1979)..... 18

Hustler Magazine v. Falwell, 485 U.S. 46 (1988)..... 13

Information Clearing House, Inc. v. Find Magazine, 492 F. Supp. 147 (S.D.N.Y. 1980)..... 19

Interbank Card Association v. Simms, 431 F. Supp. 131 (M.D.M.C. 1977)..... 19

Jordache Enterprises, Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482 (10th Cir. 1987)..... 12

L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26 (1st Cir. 1987), *cert. denied*, 483 U.S. 1013 (1987) ..9, 15, 21

MGM-Pathe Communications Co. v. Pink Panther Patrol, 774 F. Supp. 869 (S.D.N.Y. 1991)..... 19

Murphy v. Provident Mutual Life Insurance Co., 923 F.2d 923 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991)..... 17

Mutual of Omaha Insurance Co. v. Novak, 836 F.2d 397 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988)....12n.5, 13, 19

CASES **Pages**

New Kids on the Block v. News America Publishers, Inc., 971 F.2d 302 (9th Cir. 1992) 11

Nike, Inc. v. "Just Did It" Enterprises, 6 F.3d 1225 (7th Cir. 1993)..... 11

O'Neill v. Walt Disney Productions, 439 U.S. 1132 (1979)..... 11

Pillsbury Co. v. Milky Way Productions, Inc., 215 U.S.P.Q. 124 (N.D. Ga. 1981)..... 16

Reddy Communications Inc. v. Environmental Action Foundation, Inc., 199 U.S.P.Q. 630 (D.D.C. 1977) 16

Virginia Military Institute v. United States, ___ U.S. ___, 124 L. Ed. 2d 651 (1993)..... 8

Walt Disney Productions v. Air Pirates, 581 F.2d 751 (9th Cir. 1978) *cert. denied. sub nom. O'Neill v. Walt Disney Productions*, 439 U.S. 1132 (1979)..... 11

STATUTES

Mo. Rev. Stat. § 417.061 7

Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(2).. 19, 20n.9

MISCELLANEOUS

Sup. Ct. Rule 10.1..... 1

R. Stern, E. Gressman, & S. Shapiro, *Supreme Court Practice* § 4.18, pp. 224-226 (6th ed. 1986)..... 8

No. 94-930

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

BALDUCCI PUBLICATIONS, RICHARD BALDUCCI, and KATHLEEN BALDUCCI,

Petitioners,

vs.

ANHEUSER-BUSCH, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, Anheuser-Busch, Inc., respectfully submits that there are no "special and important reasons" (Sup. Ct. Rule 10.1) for this Court to exercise its discretion to grant the writ of certiorari sought by petitioners. The opinion of the Court of Appeals for the Eighth Circuit (the "Opinion") does not conflict with the decisions of any other Court of Appeals on the same matter, does not decide an important question of federal law which has not been settled by this Court, and does

not decide a federal question in a way that conflicts with the applicable decisions of this Court. Moreover, because the Eighth Circuit remanded the case to the district court for further proceedings, there has been no final judgment. The Petition should therefore be denied.

Statement of the Case

Respondent, Anheuser-Busch, Inc.,[1] sought nominal damages and injunctive relief against petitioners, based on an item in the form of an advertisement petitioners ran in their publication, *Snicker*. It prominently shows several of respondent's products, including a photograph of a MICHELOB DRY beer can, in which petitioners have inserted an oil can spout, from which pours a black stream of oil. The large headline reads: "ONE TASTE AND YOU'LL DRINK IT OILY: MICHELOB OILY," a variant of plaintiff's federally-registered MICHELOB DRY slogan.

Although petitioners claim their advertisement is an editorial, their use of respondent's marks undoubtedly led many consumers to believe it was a real Anheuser-Busch ad, perhaps created especially for a "humor" magazine. (Respondent has run humorous magazine advertising and advertising on environmental themes.) Most of the interviewees in a survey admitted in evidence at trial believed the item to be an advertisement. In response to completely open-ended questions about the meaning of the ad, only 24% of the interviewees thought it was satire, and 6% said it was actually *an Anheuser-Busch advertisement*. In response to another question, 45% said there was nothing about the ad

---

[1] The parent company of respondent is Anheuser-Busch Companies, Inc., which has issued shares to the public. Respondent has no subsidiaries other than wholly-owned subsidiaries.

that says or suggests it is an editorial (another 6% said they didn't know one way or the other), and only 3.5% even noticed the tiny disclaimer that claims it is an editorial. Fifty-eight percent thought that the people who created the ad had to get permission to use the MICHELOB mark. (Appendix to Petition ("A") 4a.) Indeed, even the district court accepted "the possibility that a superficial observer might believe that the ad parody was approved by Anheuser-Busch." (A 33a.)[2]

Although petitioners claim in their petition that they were commenting on a "then-recent" oil spill in the Gasconade River (Petition at 3), in fact the oil spill occurred in December, 1988, and the magazine was not published until April of 1989. Indeed, Mr. Balducci, one of the petitioners, admitted that, when he first printed the ad, he had concerns as to whether the ad was still timely. Further, although petitioners now claim that the ad was somehow intended as an editorial about "Anheuser-Busch and its public involvement in this environmental disaster" (Petition at 12), in fact Anheuser-Busch had no involvement in the oil spill, and petitioners offered no evidence at trial that it was in any way involved. The uncontradicted testimony at trial was that the oil spill was caused by a break in a Shell Oil pipeline near the Gasconade River, some 170 miles from St. Louis; that none of the water used in making respondent's products was contaminated by oil; and that the brewery was closed by respondent for a few days as a precaution only.[3] In fact,

---

[2] In addition, 55% believed the ad said or suggested MICHELOB beer is contaminated with oil; 22% said they would be less likely to buy MICHELOB in the future. (A 4a-5a.)

[3] The uncontradicted testimony at trial is that respondent carefully monitored the water at the St. Louis municipal water treatment plant, at the entrance to its brewery, and within its brewery. Respondent's testing equipment did not at any time detect oil in the water entering respondent's

(Footnote continued)

petitioners admitted at trial that they had no evidence that respondent's beer was in any way polluted, contaminated or tainted by oil. The district court in fact found it was not contaminated. (A 22a.)

As for petitioners' new assertion that respondent "dominates the political life of St. Louis, if not all Missouri, with its overwhelming industrial, financial and mass communications presence" (Petition at 3), there is absolutely nothing in the record to support this hyperbolic statement. It can only have been made in an effort to try to give petitioners' ad (and their petition) greater significance than they have.

Petitioners also claim that one of respondent's attorneys stipulated that respondent had suffered "basically no damage." Petition at 4. In fact, what that attorney actually said (in a letter to petitioners' counsel) (Court of Appeals Appendix 11) was that "there was basically no damage *request* being made by Anheuser-Busch in this case . . . [and] that the only damage *request* was set forth in paragraph III of the prayer on page 10 [of the complaint] in the amount of $1.00 . . . . In other words, the total damages *sought* from all three defendants cumulatively does not exceed $1.00" (emphasis added). There is no concession in the letter or elsewhere that respondent had suffered no damage.

Petitioners repeatedly refer to their ad as an "editorial commentary" or a "magazine editorial" (see, for example,

---

brewery. Although respondent's professional tasters at the brewery detected what they believed to be an "oil note" in the water entering the brewery, the water entering the brewery is subject to carbon filtration and other treatment processes, and no "oil note" was detected in any water that passed through the brewery's filtration and treatment system. (Trial Transcript, pp. 258-63.)

Questions Presented in Petition). What they try to bury is the fact that the item took the form of an advertisement. Thus, the courts below were *not faced with a traditional editorial page editorial, or an editorial cartoon, or even clearly marked editorial content of a magazine, but a MICHELOB advertisement*, which the survey evidence shows the public believed to be a real advertisement or one approved by respondent.

Moreover, petitioners did not even take minimal steps to avoid a likelihood of confusion as to the source or sponsorship of the ad. Not only did they use respondent's trademarks unaltered in an advertisement, but also they used them on the back cover of the magazine, a prominent space usually occupied on magazines by advertisements. In fact, genuine ads occupied the back cover in some issues of petitioners' publication, *Snicker*. Petitioners did not alert readers in the table of contents or in a prominent place on the ad that the ad was intended as "humor," "parody," or "commentary." Finally, petitioners used only a tiny and ineffectual disclaimer to attempt to tell the public that they claimed the MICHELOB ad was an "editorial."

The Eighth Circuit Opinion provides a sound and sensible analysis for deciding trademark infringement claims in the face of a First Amendment defense. The Opinion states that a district court should first consider whether the petitioners' ad engenders a likelihood of confusion. (A 6a.) Since absence of likelihood of confusion would end the case, only on finding such a likelihood should the district court consider the First Amendment defense. In doing so, it should "weigh the public interest in free expression against the public interest in avoiding consumer confusion." (A 12a) (quoting *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d. 490, 494 (2d Cir. 1989)).

Here, the Eighth Circuit found a "significant" likelihood of confusion. (A 9a.) Not only did the ad use famous Anheuser-Busch trademarks "without alteration," (A 5a), but also petitioners "published the parody on the back cover of a magazine -- a location frequently devoted to real ads, even in *Snicker*." (A 8a.) The Court also relied on the "indifference" displayed by the petitioners "to the possibility that some consumers might be misled by the parody":

> For example, no significant steps were taken to remind readers that they were viewing a parody and not an advertisement sponsored or approved by Anheuser-Busch. Balducci carefully designed the fictitious ad to appear as authentic as possible. Several of Anheuser-Busch's marks were used with little or no alteration. The disclaimer is virtually undetectable. Balducci even included a ® symbol after the words Michelob Oily. These facts suggest that Balducci sought to do far more than just "conjure up" an image of Anheuser-Busch in the minds of its readers.

(A 8a.) The Court explained how easily petitioners could have avoided problems:

> By using an obvious disclaimer, positioning the parody in a less-confusing location, altering the protected marks in a meaningful way, or doing some collection of the above, Balducci could have conveyed its message with substantially less risk of consumer confusion.

(A 13a.) Finally, the Eighth Circuit, like the district court, rejected petitioners' attempt to find shortcomings in the methodology of the survey. (A 10a, n.4.)

The Eighth Circuit rejected petitioners' contention that the First Amendment provides an "absolute" defense. (A 11a.) Although "confusion might have to be tolerated if even plausibly necessary to achieve the desired commentary," the Court held that in this case "the confusion is wholly unnecessary to Balducci's stated purpose." (A 13a.)

Contrary to petitioners' reference to "[t]he injunctive relief granted to respondent by the Eighth Circuit," Petition at 17, the Eighth Circuit did not grant any injunctive relief at all. Rather, the Eighth Circuit stated:

> The parties have not developed a satisfactory record or fully briefed this issue [of injunctive relief]. Thus, we decline to delineate the precise limits which the First Amendment might place on the scope of the injunctive relief available to Anheuser-Busch.

(A 18a.) Accordingly, the Eighth Circuit reversed and remanded in the following words:

> We reverse the district court's dismissal of Anheuser-Busch's trademark infringement (15 U.S.C. § 1114(1)) and dilution (Mo. Rev. Stat. § 417.061) claims and instruct the district court to enter judgment for Anheuser-Busch on these claims and award appropriate relief.

(A 18a.)

Thus, contrary to petitioners' assertion that the Eighth Circuit Opinion is a "prior restraint," there in fact is no prior restraint. Petitioners' advertisement has been published. As for injunctive relief that would be available should petitioners seek to re-publish the ad, the parties do not know what injunctive relief may be ordered by the district court on

remand. The district court could easily fashion relief that avoids any question of "prior restraint."

REASONS FOR DENYING THE WRIT

I.

THERE HAS BEEN NO FINAL JUDGMENT IN THE LOWER COURTS

As we show below, there is no reason for this court to exercise its certiorari jurisdiction. Moreover, because of the procedural posture of this case, there is an additional reason to deny the Petition: there is no final judgment. The Eighth Circuit remanded the case to the district court for further proceedings.

This Court has frequently declined to exercise its certiorari jurisdiction where there has not been a final judgment in the lower courts. *Virginia Military Institute v. United States*, __ U.S. __, 124 L.Ed.2d 651 (1993) (opinion of Scalia, J., respecting denial of petition for writ of certiorari); *American Construction Co. v. Jacksonville, T & K.W.R. Co.*, 148 U.S. 372, 384, 37 L.Ed. 486 (1893); *Brotherhood of Locomotive Firemen & Enginemen v. Bangor & Aroostook R. Co.*, 389 U.S. 327, 328, 19 L.Ed.2d 560 (1967) (*per curiam*); R. Stern, E. Gressman, & S. Shapiro, *Supreme Court Practice* § 4.18, pp. 224-26 (6th ed. 1986).

In *Virginia Military Institute*, this Court denied the petition for writ of certiorari where the Court of Appeals for the Fourth Circuit had vacated a judgment that had been entered in favor of the petitioners, and remanded the case to the district court for determination of an appropriate remedy. The Fourth Circuit expressly declined to rule on the " 'specific remedial course that the Commonwealth should or must follow hereafter.' " ___ U.S. ___, 124 L.Ed.2d at 651. In the case at bar, the Eighth Circuit also expressly declined to

set forth any specific relief. The district court on remand may fashion relief that avoids any question of "prior restraint" and hence completely avoids any Constitutional issue. Accordingly, this Court should decline to exercise its jurisdiction.

II.

THE EIGHTH CIRCUIT OPINION DOES NOT CONFLICT WITH DECISIONS OF OTHER CIRCUITS

Petitioners' attempt to manufacture a conflict among the Circuits is misguided. A review of the cases cited by petitioners shows that they are either consistent with the Eighth Circuit Opinion, or involved facts that are in no way comparable to those here, or both. For example, petitioners use a quotation from *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir. 1987), *cert. denied*, 483 U.S. 1013 (1987), concerning the grant of summary judgment under Maine "anti-dilution statute." Petition at 6. Claims under the Lanham Act were not encompassed by the First Circuit's opinion, since those claims had been left by the district court for resolution at trial. 811 F.2d at 27. However, in discussing federal trademark law under the Lanham Act, the First Circuit in *L.L. Bean* explicitly stated, "A parody which causes confusion in the marketplace implicates the legitimate commercial and consumer protection objectives of trademark law." *Id.* at 32, n. 3.[4]

Similarly, the Second Circuit said in *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group*, 886 F.2d 490, 493 (2d Cir. 1989), that "trademark protection is not lost

---

[4] The First Circuit noted that whether consumers believed that the "products" shown in the defendants' parody of an L.L. Bean catalog were real was an issue for trial. 811 F.2d at 32, n. 3.

simply because the allegedly infringing use is in connection with a work of artistic expression." Indeed, the Eighth Circuit Opinion in the case at bar relied upon and quoted from the Second Circuit's *Cliffs Notes* decision.

In attempting to manufacture a conflict among the Circuits, petitioners argue that the Second Circuit in *Cliffs Notes* construed the trademark laws "narrowly" while the Eighth Circuit "stated that it was applying 'an expansive interpretation of [the] likelihood of confusion' test under the trademark laws." Petition at 10. Petitioners thus imply that the Eighth Circuit chose "an expansive interpretation" from a variety of interpretations available to it. What the Eighth Circuit actually did was summarize the current state of law on likelihood of confusion, and conclude that the law provides "expansive" protection against confusion of "origin, sponsorship, or approval." (A 7a.) The Eighth Circuit's decision is entirely consistent with the Second Circuit's in *Cliffs Notes*. The Eighth Circuit held that a district court should first determine whether the challenged advertisement even gives rise to a likelihood of confusion. The Eighth Circuit agreed with the Second Circuit in *Cliffs Notes* that it is then "appropriate to weigh the public interest in free expression against the public interest in avoiding consumer confusion." (A 12a) (quoting from *Cliffs Notes*).

The Eighth Circuit Opinion is not in conflict with the Fourth Circuit decision cited by petitioners, *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316 (4th Cir. 1992), *cert. denied*, 113 S.Ct. 206 (1993). In *L&L Wings*, the defendants used the Budweiser label design, but used MYRTLE BEACH instead of BUDWEISER. 962 F.2d at 324. In *L&L Wings*, unlike the case at bar, there was no survey evidence before the jury. Although the Fourth Circuit declined to reverse the jury's verdict of no infringement, the Fourth Circuit's decision made clear that the jury's verdict was not the only

reasonable decision that could have been reached. *Id.* at 319. *L&L Wings* thus hardly represents a rule of absolute protection for alleged trademark parodies.

Petitioners cite a district court opinion from the Sixth Circuit, *Anheuser-Busch, Inc. v. Florists Association of Greater Cleveland*, 603 F. Supp. 35 (N.D. Ohio 1984), which involved the use of respondent's slogan, "This BUD's For You," in a promotional campaign by a group of florists. Those facts are very different from those in the case at bar, where the petitioners have not illustrated their ad with pictures of flowers, but with photographs and drawings of real MICHELOB products.

Similarly, the Seventh Circuit's opinion in *Nike, Inc. v. "Just Did It" Enterprises*, 6 F.3d 1225 (7th Cir. 1993), is not in conflict with the Eighth Circuit's Opinion in the case at bar. Unlike the petitioners here, the defendant in *Nike* did not use the plaintiff's marks unaltered, and there was no survey showing the overwhelming evidence of confusion that existed here. Further, the Seventh Circuit did not, as petitioners here urge, find that the parody was protected by the First Amendment, but rather remanded for trial, holding that a jury "may well" find a likelihood of confusion. *Id.* at 1233.

One Ninth Circuit case cited by petitioners, *New Kids on the Block v. News America Publishers, Inc.*, 971 F.2d 302 (9th Cir. 1992), involved an announcement of a telephone poll concerning the musical group New Kids on the Block. The defendants were careful not to use the group's logos or otherwise suggest that the group sponsored or endorsed the poll. *Id.* at 308. Here, in contrast, petitioners' advertisement was designed to look like a genuine Anheuser-Busch advertisement, complete with respondent's logos and the trademark registration symbol. In *Walt Disney Productions v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978), *cert. denied. sub nom. O'Neill v. Walt Disney Productions*, 439 U.S. 1132

(1979), also cited by petitioners, the Ninth Circuit did not insulate the trademark parody from liability, but remanded for trial. *Id.* at 759.

Although petitioners argue that the decision below cannot be reconciled with the cases from other circuits they cite, in fact it can be reconciled. In those trademark cases in which parodies were held not to infringe, the defendants had taken steps, such as altering the plaintiff's mark, to reduce the likelihood of confusion. Thus, in *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987), the defendant did not use JORDACHE (the plaintiff's mark), but instead used LARDASHE. In *Cliffs Notes*, the defendant used SPY NOTES, not CLIFFS NOTES. In these cases, the use of an obvious variant of the plaintiff's mark was an important clue to the consumer that what was involved was not the plaintiff's mark, but a parody. Here, however, petitioners used respondent's MICHELOB mark unaltered, as well as several other actual Anheuser-Busch registered marks. This use of the MICHELOB mark and others suggests to the consumer that the ad is a genuine Anheuser-Busch ad, or an ad sponsored or approved by Anheuser-Busch. This is borne out by the survey results.[5]

In *L.L. Bean*, the defendants listed the infringing item as "humor" and "parody" in the magazine's table of contents. In *Cliffs Notes*, the defendants also prominently labeled the work as a "parody" and "satire," and took other steps to

---

[5] In *Cliffs Notes* and *L.L. Bean*, unlike here, the plaintiff offered no survey evidence. In *Jordache*, the plaintiff offered a survey, but it was held to suffer from flaws that do not mar the survey here. See *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 401 (8th Cir. 1987) ("The cases Novak relies upon to support his view that there is no likelihood of confusion . . . either did not involve surveys demonstrating confusion or involved surveys of doubtful validity"), *cert. denied*, 488 U.S. 933 (1988).

differentiate it from the original. For these reasons, the Second Circuit held there was "only a slight risk of consumer confusion." 886 F.2d at 497. Similarly, in *Hustler Magazine v. Falwell*, 485 U.S. 46 (1988), the item was labelled as "Ad Parody -- Not to be Taken Seriously," and listed in the table of contents as "Fiction. Ad & Personality Parody." The defendants did none of those things here. The court in *L.L. Bean* also made specific reference to the fact that the infringing item did not appear on the cover of the magazine. 811 F.2d at 32. Here, in contrast, petitioners used respondent's marks on the cover.

Finally, petitioners cite an Eighth Circuit decision, *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1987), in making their argument about a conflict among the Circuits. Of course, an alleged conflict *within* the Eighth Circuit is normally not a basis for this Court to exercise its jurisdiction. *See, e.g., Davis v. United States*, 417 U.S. 333, 340 (1974). Moreover, there is no conflict within the Eighth Circuit. Circuit Judge Bowman, who wrote *Novak*, was on the panel in the case at bar and joined in its decision. Further, petitioners raised the alleged conflict in a petition to the Eighth Circuit for rehearing en banc, and that petition was denied. An examination of the Eighth Circuit Opinion shows it is consistent with *Novak*.

In *Novak*, the defendant was enjoined from using a variant of the plaintiff's Indian-head logo on anti-nuclear war t-shirts, coffee mugs and other products. The Eighth Circuit said in *Novak* that the injunction "in no way infringes upon the constitutional protection the First Amendment would provide were Novak to present an editorial parody in a book, magazine or film." 836 F.2d at 402. On appeal in the case at bar, petitioners seized upon this language in *Novak* to argue that the First Amendment provides an absolute defense. The Eighth Circuit Opinion rejects that argument, stating:

> This language [in Novak] does not support absolute protection for editorial parody, but merely reflects the fact that a parody contained in an *obvious* editorial context is less likely to confuse, and thus more deserving of protection than those displayed on a product. [Citations omitted.] A parody creating a likelihood of confusion may be subject to a trademark infringement action.

(A 11a-12a) (emphasis added). Thus, the Eighth Circuit Opinion is consistent with *Novak*. The critical question is whether the parody is in an *obvious* editorial context and whether it creates a likelihood of confusion.[6]

III.

THE EIGHTH CIRCUIT OPINION DOES NOT REGULATE THE CONTENT OF A PUBLISHER'S EDITORIAL MESSAGE

Petitioners argue that the Eighth Circuit Opinion is "contrary to the 'strict scrutiny' test for regulations on non-commercial speech." Petition at 10. Petitioners argue that the Eighth Circuit Opinion "almost completely foreclosed a venerable means of communication that is both unique and important," citing *City of Ladue v. Gilleo*, 114 S. Ct. 2038 (1994). *Gilleo* involved an ordinance that prohibited almost all residential signs in Ladue, Missouri, including any sign that "publicizes an . . . opinion, person, institution [or]

---

[6] Novak had used the design only on t-shirts, mugs and other merchandise. He had not used it in an editorial context in pamphlets, newspapers, magazines, or films. 836 F.2d at 398, 402. Thus, any suggestion in *Novak* as to what would happen were he to prepare an editorial parody using the design was necessarily dictum.

organization." 62 U.S.L.W. at 4478, n.5. The Supreme Court invalidated the ordinance, which "totally foreclosed that medium [residential signage] to political, religious, or personal messages." *Id.* at 4480.

In contrast to Ladue's blanket prohibition of commentary on signs, nothing in the Eight Circuit Opinion prohibits petitioners from commenting on anything, including environmental pollution or Anheuser-Busch's alleged "brand proliferation." (A 12a.) The Opinion requires only that petitioners, who have chosen to publish their comment in the form of an advertisement, make clear whose advertisement it is. Their ad falsely suggests that it is sponsored or endorsed by Anheuser-Busch. Petitioners cannot seriously believe that they "lack adequate alternative means by which to express their editorial opinions." Petition at 12. Indeed, the Eighth Circuit Opinion suggests the obvious alternative means by which petitioners could have run their ad, while avoiding confusion. (A 13a.) Thus, the Eighth Circuit Opinion leaves petitioners free to make whatever editorial comment they wish. *Dallas Cowboys Cheerleaders Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (Lanham Act's prohibitions are "content neutral").

Petitioners' argument amounts to nothing more than the assertion they made below that their use of respondent's trademarks is "absolutely protected by the First Amendment." (A 11a.) That argument was rejected not only by the Eighth Circuit and the district court in the case at bar, but by every other court that has considered it. *See*, for example, *Novak*, 836 F.2d at 402 ("the protection afforded by the First Amendment does not give Novak license to infringe the rights of Mutual"); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d. 26, 32 n. 3 (1st Cir.) (parody likely to cause confusion "implicates the legitimate commercial and consumer protection objectives of trademark law"), *cert. denied and*

appeal dismissed, 483 U.S. 1013 (1987); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc.*, 886 F.2d 490, 493 (2d Cir. 1989) ("[T]rademark protection is not lost simply because the allegedly infringing use is in connection with a work of artistic expression")[7]; *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (motion picture enjoined); *Reddy Communications Inc. v. Environmental Action Foundation, Inc.*, 199 U.S.P.Q. 630, 634 (D.D.C. 1977); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (poster enjoined); *Pillsbury Co. v. Milky Way Productions, Inc.*, 215 U.S.P.Q. 124 (N.D. Ga. 1981) (magazine parody enjoined); *Edgar Rice Burroughs, Inc. v. Mann's Theatres*, 195 U.S.P.Q. 159 (C.D. Cal. 1976) (TARZAN mark in film enjoined).

IV.

THE EIGHTH CIRCUIT PROPERLY REVIEWED THE EVIDENCE OF LIKELIHOOD OF CONFUSION DE NOVO

Petitioners argue that the Eighth Circuit's review of the facts *de novo* "is contrary to the precedent of this Court." Petition at 13, citing *Amadeo v. Zant*, 486 U.S. 214, 223 (1988). However, *Amadeo* is inapposite, since it involved the deference to be given to the district court's weighing of the

---

[7] Petitioners cite *Cliffs Notes* for the proposition that trademark parodies must "conjure [up] the original," Petition at 12, but ignore the warning in *Cliffs Notes* that a parody must also show that it is "*not* the original" or else be "vulnerable under trademark law." 886 F.2d at 494 (emphasis in original). Petitioners are also wrong in saying the Supreme Court upheld the parody in *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164 (1994), as fair use, Petition at 12; the Supreme Court remanded for consideration of that issue; moreover, *Campbell* was a copyright case, not a trademark case.

evidence where the legal standard to be applied is not in dispute, and where the district court has made credibility determinations. No issue of credibility was involved here. Rather, the Eighth Circuit properly concluded that its review was not limited by the "clearly erroneous" standard where, as here, the district court's " '[legal] conclusions are inextricably bound up in its view of the law.' " (A 6a) (quoting *Calvin Klein Cosmetics Corp. v. Lenox Labs*, 815 F.2d 500, 504 (8th Cir. 1987)); *see also*, *Murphy v. Provident Mutual Life Ins. Co.*, 923 F.2d 923 (2d Cir. 1990) (errors of law in applying likelihood of confusion test subject to *de novo* review), *cert. denied*, 112 S.Ct. 65 (1991). As the Eighth Circuit noted, the district court "conflated" the issues of likelihood of confusion and the scope of First Amendment protection. For example, the district court said it was applying the likelihood of confusion test with "special sensitivity" to the First Amendment. (A 30a.) Although the district court found that respondent's "statistical evidence [might] well be persuasive in the context of a classic trademark infringement case," it concluded that because the infringement occurred in an allegedly editorial context, more persuasive evidence was required. (A 33a.) Since the Eighth Circuit found that it "cannot separate the [district] court's factual finding of confusion from its legal conclusions," it conducted "a de novo review of the well-developed record." (A 6a-7a.)

Nothing in *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485 (1984), prohibits such a review. That case emphasizes that even the "clearly erroneous" standard contemplates "a review of the entire record," *id.* at 499, and that "Rule 52(a) does not inhibit an appellate court's power to correct errors of law, including those that may infect a so-called mixed finding of law and fact, or a finding of fact that is predicated on a misunderstanding of the governing rule of law." *Id.* at 501.

Petitioners further argue that, in reviewing the facts, the Eighth Circuit should not have given weight to the respondent's survey. Curiously, petitioners criticize the Eighth Circuit for accepting the respondent's survey, while failing to note that the district court, too, had "no quarrel with the [survey's] design or execution." (A 33a.) Petitioners argue melodramatically that the survey was "bought and paid for [by] Anheuser-Busch." Petition at 14. Yet petitioners had ample opportunity to explore any alleged bias or flaws at trial. Both Drs. Jacoby and Kaplan, who conducted the survey, testified at trial and were subject to cross-examination, and all the completed survey questionnaires were available for inspection.

Equally melodramatic is petitioners' argument that use of the survey somehow "subjects First Amendment rights to majority rule." *Id.* The survey interviewees were not asked if they thought petitioners' First Amendment rights should be observed. Rather, they were asked about the message of the advertisement, its sponsorship, and its effect on their future buying decisions. The Eighth Circuit considered the survey results only on the likelihood of confusion issue; and only the Eighth Circuit, not the interviewees, decided the First Amendment issue.

Finally, petitioners argue that acceptance of a respondent's survey means a publisher-defendant must also "finance a countervailing survey," making a publisher's rights "dependent on his financial capabilities." Petition at 15. Nothing in the Eighth Circuit Opinion requires petitioners to provide their own survey. Nothing in the record suggests low-cost survey evidence was unavailable to petitioners. Petitioners in effect are arguing that defense of a lawsuit can be expensive, and that publishers should not be subject to such expense. That argument was advanced in *Herbert v. Lando*, 441 U.S. 153, 176 (1979), and rejected by this Court. If a suit is meritless, summary judgment is available. Where, as here, a

suit has merit,[8] and a defendant's advertisement is causing real harm, the plaintiff should not be handicapped in the evidence it can adduce, including survey evidence. *Novak*, 836 F.2d at 401 (survey entitled to "substantial weight"). Indeed, had respondent gone to trial without a survey, petitioners would have argued from cases such as *Information Clearing House, Inc. v. Find Magazine*, 492 F. Supp. 147, 160 (S.D.N.Y. 1980), that failure to conduct a survey invites an "adverse inference."

V.

PETITIONERS' ADVERTISEMENT IS NOT EXEMPT UNDER THE LANHAM ACT

Petitioners argue that "by its terms the Lanham Act does not prohibit the use of another's trademarks in non-commercial speech." Petition at 15. No such language appears in Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). *See, MGM-Pathe Communications Co. v. Pink Panther Patrol*, 774 F. Supp. 869 (S.D.N.Y. 1991) (enjoining use of the plaintiff's PINK PANTHER mark in the name of defendant's non-commercial community organization); *Interbank Card Ass'n v. Simms*, 431 F. Supp. 131 (M.D.N.C. 1977) (enjoining use of simulation of plaintiff's marks on defendants' non-commercial religious cards).

Section 32(1) protects against a likelihood of confusion as to source, sponsorship or approval. *Mutual of Omaha v. Novak*, 836 F.2d at 398 ("ultimate issue" is whether defendants' design "is likely to cause confusion among consumers as to whether Mutual has sponsored, endorsed, or

---

[8] One district court judge denied petitioners' motion to dismiss and another denied their later motion for summary judgment.

is otherwise affiliated with the design"). Thus, the evidence showing that an appreciable number of consumers are likely to believe that respondent sponsored or endorsed petitioners' advertisement is sufficient to show a violation of Section 32(1) of the Act.[9] Here, petitioners' alleged "parody" is an advertisement that at least 45 percent of the survey interviewees believed to be a real advertisement, and not an "editorial," and as many as fifty-eight percent believed was authorized by respondent.

In addition to using respondent's marks in Issue 5½ of *Snicker*, petitioners are using the designation MICHELOB OILY in issues of *Snicker* subsequent to Issue 5½ to sell back issues of the magazine. MICHELOB OILY (along with plaintiff's ribbon design trademark) is shown in these subsequent issues, without any other text from the ad as it appeared in Issue 5½. Petitioners assert that this subsequent use of MICHELOB OILY somehow is not commercial. But petitioners cannot claim that the use of the designation MICHELOB OILY in these subsequent issues is an editorial comment, since there is no explanation in these issues as to what MICHELOB OILY may mean. The conclusion is inescapable that the MICHELOB marks (together with the word OILY) are being used for the sole purpose of attracting customers for sales of back issues of the magazine. Not only is this a commercial use, but also it has a high likelihood of confusing and misleading consumers.

---

[9] Section 32(1) prohibits the unauthorized use of a registered mark "in connection with the sale, offering for sale, distribution, or advertising of any goods or services" where confusion is likely to result. 15 U.S.C. § 1114(1). "Services" includes advertising services. *See* 37 C.F.R. § 6.1 (Class 35). Thus, a likelihood that consumers believed respondent sponsored or endorsed petitioners' environmental advertisement is sufficient to make out a violation of § 32(1).

Moreover, the justification, if any, petitioners may have had six years ago for using respondent's marks in Issue 5½ to comment on a 1988 oil spill has long since evaporated. Now, petitioners are selling Issue 5½, with its MICHELOB OILY ad, as merely the medium for a confusing display of respondent's trademarks. This is no different than selling an infringing poster, as in *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972). Not only was the sale of a poster enjoined in the *Gemini Rising* case, but also the First Circuit in *L.L. Bean* pointed to the poster in the *Gemini Rising* case as a "commercial" use of another's trademark. *See L.L. Bean*, 811 F.2d at 31-32, citing cases in which arguably expressive works (such as posters and cartoon stickers) were considered commercial and were enjoined.

CONCLUSION

Contrary to the overheated rhetoric in the Petition, the Eighth Circuit Opinion does not enjoin petitioners from publishing their magazine, or even from publishing a parody of a MICHELOB advertisement. In fact, the Eighth Circuit Opinion does not set out any particular form of injunctive relief, leaving that for further proceedings. The Eighth Circuit Opinion suggests ways in which petitioners' First Amendment interests, and the public's and respondent's interests in avoiding confusion, can be accommodated. Petitioners have provided no reason to review the Eighth Circuit's thoughtful and well-reasoned Opinion.

Dated: New York, New York
December 22, 1994

Respectfully submitted,

RICHARD Z. LEHV
Counsel of Record
WEISS DAWID FROSS
ZELNICK & LEHRMAN, P.C.
633 Third Avenue
New York, New York 10017
(212) 953-9090

-and-

NORMAN S. LONDON
LAW OFFICES OF
NORMAN S. LONDON
1600 Boatmen's Tower
100 North Broadway
St. Louis, Missouri 63102
(314) 231-8700

Attorneys for Respondent,
Anheuser-Busch, Inc.